

Message Text

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43

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 /092 W

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R 061250Z AUG 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 3449

INFO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 3230

E.O. 11652: GDS

TAGS: ENRG, KU

SUBJ: PRESENT STATUS OF GOK/GULF/BP OIL NEGOTIATIONS.

1. HAVE HAD RECENT OPPORTUNITY TALK WITH BOTH KUWAITI MINISTER OF OIL KAZEMI AND KOC MANAGER STRAND. THEIR RESPECTIVE VERSIONS OF PRESENT STATUS GOK/GULF/BP OIL NEGOTIATIONS WERE SUBSTANTIALLY THE SAME -- AS FOLLOWS.

2. COMPANIES HAVE ASKED FOR 20 CENTS PER BARREL DIFFERENTIAL FOR 15 YEARS; RIGHTS TO PURCHASE 1.3 MILLION BPD CRUDE FIRST FIVE YEARS; ONE MILLION BPD SECOND FIVE YEARS, AND 800,000 BPD THIRD FIVE YEAR PERIOD, AND 30 DAYS MORE CREDIT THAN TERMS CURRENTLY MOST FAVORED COMPANY (SHELL WITH 90 DAYS).

3. GOK ALSO WILLING LOOK FIFTEEN YEARS DOWN THE ROAD BUT HAS OFFERED 15 CENT BARREL DIFFERENTIAL FOR FIVE YEARS. NO ADDITIONAL CREDIT TERMS. KUWAITIS ALSO WANT NEW, LATER NEGOTIATIONS ACROSS THE BOARD FOR EACH OF NEXT TWO FIVE YEAR PERIODS.

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4. KAZEMI SAID HE NOT RPT NOT IN TOUCH WITH SAUDIS RE CURRENT TALKS WITH COMPANIES, AND STRAND SAID KUWAITIS APPARENTLY WANT COMPLETE NEGOTIATIONS QUICKLY. STRAND ADDED TWO SIDES NOT RPT NO TOO FAR APART, ALTHOUGH JULY 22-23 MEETINGS IN LONDON GOT NOWHERE.

5. STRAND SAID GOK PLANNED ANNOUNCE AUGUST 9 APPOINTMENT OF AHMAD JAFFER (A KUWAITI WHO IS CURRENTLY NUMBER TWO IN KOC) AS CHAIRMAN AND MANAGEING DIRECTOR OF NEW KOC-KSC SERVICE COMPANY (OWNED 60-20-20 PERCENT BY KOC/GULF/BP). STRAND HIMSELF WILL MOVE TO SUBORDINATE POSITION OF MANAGER FOR OPERATIONS. HE EXPRESSED SATISFACTION WITH NEW ARRANGEMENTS WHICH, FROM PRACTICAL STANDPOINT, REPRESENTED LITTLE CHANGE FROM PREVIOUS MODUS OPERANDI.
STOLTZFUS

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